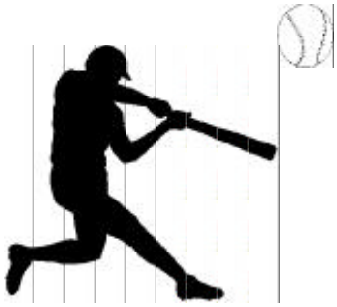
Get a

Ballpark Estimate

for your retirement needs



Planning for retirement is not a one-size-fits-all exercise. The purpose of Ballpark is simply to give you a basic idea of the savings you'll need when you retire. This form is designed for individual use. If you are married, you and your spouse should each complete an estimate and combine the results.

So Let's Play Ball!

1. How much annual income will you want in retirement? (Figure 70% of your current annual income just to maintain your current standard of living) $ _____

2. Subtract the income you expect to receive annually from:

(a) Social Security -- If you make under $25,000, enter $8,000; between $25,000 and $40,000, enter $12,000; over $40,000, enter $14,500. -$_____

(b) Traditional Employer Pension -- A plan that pays a set dollar amount for life, where the dollar amount depends on salary and years of service. **Use the amount you're eligible for today.** -$_____

(c) Part-time income -$_____

(d) Other -- (Do not include investment or interest income) -$_____

Now subtract lines 2(a) through 2(d) from line 1.

This is how much you need to make up for each retirement year: =$_____

Now you want a ballpark estimate of how much money you'll need in the bank the day you retire. So the accountants went to work and devised this simple formula. For the record, they figure you'll live to age 87 and realize a constant real rate of return of 3% after inflation.

3. To determine the amount you'll need to save, multiply the amount you need to make up by the factor below: =$_____

Age you expect to retire:	55	Your factor is:	17.8
	60		16.5
	65		15.0
	70		13.4

4. Subtract savings to date: (include money accumulated in a 401(k), IRA, or similar retirement plan) -$_____

Total savings needed at retirement: =$_____

(It's not as bad as it looks! - turn over)

Don't panic. Those same accountants devised another formula to show you how much to save each year in order to reach your goal amount. They factor in compounding. That's where your money not only makes interest, your interest starts making interest as well, creating a snowball effect.

5. To determine the ANNUAL amount you'll need to save, multiply the TOTAL amount by the factor below. =$_____

If you want to retire in:	Your factor is:
10 yrs.	.086
15 yrs.	.053
20 yrs.	.037
25 yrs.	.027
30 yrs.	.021
35 yrs.	.016
40 yrs.	.013

See? It's not impossible or even particularly painful. It just takes planning. And the sooner you start, the better off you'll be.

This worksheet simplifies several retirement planning issues such as projected Social Security benefits and earnings assumptions on savings. You may want to consider doing further analysis, either yourself using a more detailed worksheet or computer software, or with the assistance of a financial professional.

This form is made available by the office of State Auditor Mark O'Keefe. Additional copies can be found on the State Auditor's web pag at www.mt.gov/sao, or call the Securities Department toll-free at 1-800-332-6148, or TDD 406-444-3246.

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This form was adapted from the "Ballpark Estimate" created by the American Savings Education Council.